

## Briefs

**Livestock, Dairy, & Poultry****Slow Growth Persists for U.S. Meat Exports**

Growth in overall U.S. red meat and poultry exports is expected to continue on a slow course this year and actually flatten in 2001, as increases in pork and broiler exports are offset by declines in beef and turkey exports. However, forecasters see a significant rise in exports this year of turkey meat and live cattle.

Since 1997, U.S. meat exports have increased at an average rate of only about 3 percent, in contrast to double-digits of the previous 10 years. During that boom period, trade agreements made several markets more accessible, leading to immediate sharp increases in exports.

Sluggish growth in total meat exports can be traced to a healthy U.S. economy combined with economic weakness in importing markets (e.g., Russia and Asia). In recent years, U.S. domestic demand has bid up prices of meat products. At the same time, buying power of some major importers of red meats and poultry dropped as incomes fell and currencies collapsed.

Beef exports are forecast up 4 percent this year to 2.5 billion pounds, a rise expected to be offset by a 3-percent drop in 2001. Contributing to the increase in 2000 are generally strong economies and reduced herds in major beef-importing countries. Behind next year's decline is an expected 5-percent drop in U.S. beef production due to declining cattle inventory since 1996, along with continuing strength in the U.S. economy, which is generating strong domestic demand. In the higher-priced fed beef segment of the world market, which serves restaurants and hotels, the U.S. has little competition and should remain the dominant supplier.

Beef imports, up 5 percent over last year, should reach at least 3 billion pounds in 2000 but increase close to 1 percent in 2001. Most of this year's anticipated rise came in the first quarter, as U.S. supplies of processing meat dropped and imports from Australia and New Zealand (major exporters of manufacturing-grade beef) rose to meet demand. Lower cow slaugh-

ter and pork production in the U.S. accounted for the decline in U.S. processing-meat supplies. Also contributing to this year's upward swing in imports was a rise in U.S. beef prices, making the U.S. beef market more attractive for world beef exporters.

In 2001, strong U.S. beef prices will continue to pull in beef. A predicted ongoing fall in U.S. cow slaughter should drive up lean beef prices and draw in manufacturing-grade beef from New Zealand, Australia, and South America. In processed meats (e.g., sausage products), however, greater availability of both pork and poultry should substitute in part for this more expensive beef.

Live cattle exports are predicted to move against the overall current this year, reaching a record high of about 360,000 head, up 9 percent. Imports are expected to drop 4 percent from 1999, to 1.875 million head, coming from Mexico and Canada. Variations in U.S. trade with

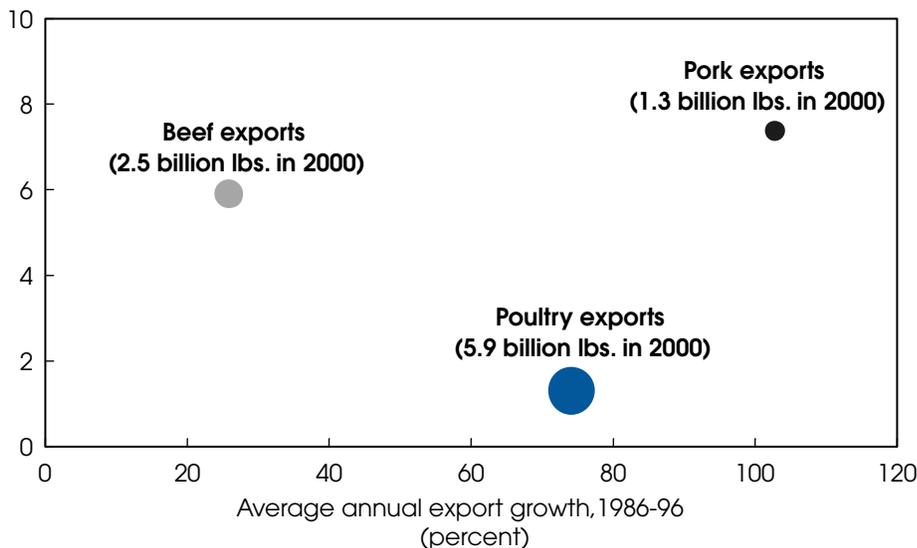
Canada account for most of the changing trade numbers. The sharp rise in exports results from the success of the Northwest Cattle Project, which simplifies the procedure for exporting cattle to Canada from certain northwestern states. Canada's demand for these cattle is due to more cattle-feeding, rising slaughter capacity, and a lower cattle inventory in that country—factors that also lie behind the forecast drop in live cattle imports from Canada.

In 2001, live cattle imports are expected to dip about 5 percent, as Canada and Mexico will have significantly smaller herds. Mexico will turn to herd rebuilding, assuming normal weather conditions. Canada will likely keep more cattle in-country to meet excess slaughtering capacity.

Turkey meat exports in 2000 should see a 14-percent rise to 434 million pounds. Higher energy prices early this year boosted the economies of both Russia and Mexico (the largest market for turkey), which should show up in higher U.S. turkey exports in 2000. (Fallout from earlier Mexican economic problems caused last year's turkey exports to drop

**Growth in U.S. Meat Exports Has Slowed from Exceptionally High Levels**

Average annual export growth, 1997-2000 (percent)



2000 forecast.

Economic Research Service, USDA

15 percent.) Shipments to Asian markets are also expected to continue growing, but these will face strong competition from chicken products.

*Broiler* exports should continue to expand, although slowly—about 3 percent in 2000 and less than 1 percent in 2001. Supporting the growth in exports is economic recovery and growth in Russia and China (including Hong Kong)—both major markets,

*Pork* exports are expected to continue to outweigh imports in 2000 and 2001. This year, exports are forecast at 1.275 billion pounds (down slightly from last year), rising to 1.305 billion pounds in 2001. Imports are forecast up 22 percent this year and unchanged next, reaching more than a billion pounds each year. Exports to Mexico and Asia—specifically, Hong Kong, Taiwan, and Japan—are likely to

Estimates of U.S. meat supply and use for 1999 and 2000 have been adjusted to reflect volumes of meat shipped during 1999 as part of the Russian Food Aid package. Official Census Bureau data report this meat as having been shipped in 2000. Census revisions to the official trade number will be adopted when available. Current USDA trade figures are available in the supply and utilization tables found at <http://www.ers.usda.gov/briefing/animal>

continue their gradual rise, reflecting the increasingly healthy economies in these regions.

While U.S. pork production falls (following low returns in recent years) and with the dollar relatively strong, pork exporters, particularly Canada and Denmark, will find the U.S. an attractive

market. The expanding, restructured Canadian pork industry is expected to continue to supply large quantities of pork and hogs to the U.S.

Hog imports from Canada are forecast at about 3.7 million head in 2000 (essentially the U.S. total) and 3.475 million in 2001. As long as Canada's hog and pig production goes on outstripping the country's finishing and slaughter capacity, Canadian feeder pigs are expected to continue to comprise more than half of total U.S. hog imports. **AO**

**For further information, contact:**  
*Leland Southard, coordinator; Ron Gustafson, cattle; Leland Southard, hogs; Mildred Haley, world pork; Dale Leuck, world beef; David Harvey, poultry. All are at (202) 694-5180.*

**Ag Trade**

**U.S. Agricultural Imports Head Higher**

U.S. imports of agricultural commodities and products are projected to reach \$39 billion in fiscal 2000, a 72-percent increase from 1990. This astonishing growth results in part from exceptional U.S. economic expansion during the decade (averaging 3 percent from 1990 to 1999). Also contributing to the surge in U.S. import demand in the last half of the decade have been low commodity prices, the strong U.S. dollar, recessions in Asia and Latin America, sluggish growth in Europe, and effects of trade agreements, particularly in North America.

Continued strong U.S. economic growth, the dollar's high purchasing power, and relatively low commodity prices point toward higher imports in 2001. Growth in high-value imports is expected to continue to push up overall import value.

The forecast \$39-billion ag import tally for fiscal year 2000 is only \$11 billion lower than projected U.S. agricultural exports, resulting in the lowest agricultur-

al trade surplus since 1987. The expected share of imports in total U.S. agricultural trade (exports plus imports) is 44 percent

for 2000, compared with 35 percent just 4 years ago.

Among the fastest-growing U.S. imports are high-value products, such as red meats, dairy products (mainly cheese), fruits and juices, vegetables, and wine and malt beverages, each increasing significantly since 1995. Even imports of

**U.S. Agricultural Imports Increase As Dollar Appreciates**

	U.S. agricultural imports				Exchange rate (inflation-adjusted*)	
	1990	1995	1999	2000	1990	1999
	\$ billion				1995=100	
Total agricultural imports	22.7	29.9	37.4	39.0	103.0	114.7
Noncompetitive imports	5.6	8.5	8.1	7.9	108.7	123.7
Coffee, cocoa	3.0	4.4	4.5	4.4	106.8	118.6
Competitive imports	17.1	21.4	29.4	31.1	101.4	112.3
Red meats	2.8	2.3	3.1	3.6	99.0	117.1
Beef	1.8	1.5	2.0	2.5	102.2	117.9
Dairy products	0.9	1.1	1.6	1.6	105.1	119.2
Grains and feeds	1.2	2.2	2.9	3.0	91.8	114.2
Fruits and juices	3.1	3.4	4.7	4.9	113.5	109.3
Vegetables and preps.	2.3	3.1	4.5	4.6	95.7	102.4
Oilseeds and products	1.0	1.7	2.0	1.9	103.2	121.8
Sugar and products	1.2	1.3	1.6	1.6	109.2	111.9
Wine and malt beverages	1.8	2.2	4.0	4.3	103.7	113.1

Fiscal years ending September. 2000 forecast.

\*Adjusted by foreign consumer price indexes (relative to U.S.) and weighted by 1997-99 average import values. A rise indicates dollar appreciation (i.e., a dollar buys more foreign currency).

Economic Research Service, USDA